

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2024 Regular Session
Legislative Revenue Office

Bill Number: HB 4035
Revenue Area: Unemployment Insurance
Economist: Dae Baek
Date: 02/09/2024

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Increases the Supplemental Employment Department Administration Fund allocation out of unemployment insurance tax revenues. Takes effect on the 91st day following the adjournment sine die.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2023-24	2024-25	2023-25	2025-27	2027-29
Unemployment Insurance Trust Fund	- \$ 7.8	- \$ 9.2	- \$ 17.0	- \$ 27.5	- \$ 30.6

Data Source: Oregon Employment Department

Impact Explanation:

This measure has no impact on the unemployment insurance (UI) tax rate for any UI tax paying employer. It simply increases the Supplemental Employment Department Administration Fund (SEDAF) allocation out of UI tax revenues. With the change, the SEDAF adds more money to the pool of revenues that are being used to run the state UI program.

The diversion of UI tax revenues from the UI trust fund to the SEDAF will lower UI trust fund balance. The Oregon Employment Department (OED) expects that the UI trust fund balance will be \$17.0 million less in the 2023-25 biennium and \$27.5 million less in the 2025-27 biennium. The impact includes loss of interest income that would have been earned if not for the diversion.

Given the trust fund balance of \$5.8 billion as of January 2024, the slight loss in the fund balance will not lead to any change in UI tax schedules.

Creates, Extends, or Expands Tax Expenditure: Yes No